

1996 Fiscal Year

Report On The Statewide Single Audit



Washington
State Auditor
Brian Sonntag



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TABLE OF CONTENTS

Letter from State Auditor Brian Sonntag

Washington's Finances At A Glance
Where The Money Comes From
Where The Money Goes

Audit Findings:
Agencies With and Without Findings
Findings by Size of Agency or Functional Area

Good Records of Financial Stewardship

Summary of Findings by Category

Summary of Reported Frauds

Cost of Audit Efforts

Recommendations

Review of State Operations by Function:
Education
General Government
Human Services
Natural Resources
Transportation

Appendices:
A Audit Reports for State Agencies Released During Fiscal Year 1996 Arranged by Size
B Audit Reports for State Agencies Released During Fiscal Year 1996

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Dear Citizens of Washington:

This report describes the overall financial condition of the Washington State government from the audits we conducted for the fiscal year ending June 30, 1996. The report is a summary of the more comprehensive Statewide Single Audit, which the State Auditor's Office issues each year.

During the 1996 fiscal year, we audited 104 of the 162 state agencies, boards and commissions. From those audits, we concluded that agencies have made significant improvements putting internal controls in place to ensure they follow state and federal laws and regulations. The number of findings dropped markedly from 122 during the 1995 fiscal year to 89 in 1996.

We hope the reduction in findings reflects the constructive nature of our audits as management tools to help agencies improve their operations.

I hope you find this report useful.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

WASHINGTON'S FINANCES AT A GLANCE

Where The Money Comes From

FY 1996	(Millions)
▣▣▣▣ Retail Sales Tax	\$4,178
▣▣▣▣ Business and Occupation Tax	1,655
▣▣▣▣ Property Tax	1,107
▣▣▣▣ Excise Tax	836
▣▣▣▣ Motor Vehicle and Fuel Tax	677
▣▣▣▣ Liquor, Beer, Wine and Tobacco Tax	392
▣▣▣▣ Other Taxes	<u>979</u>
TOTAL TAXES	<u>\$9,824</u>

▣▣▣▣ Federal Grants	\$4,382
▣▣▣▣ Licenses, Permits and Fees	476
▣▣▣▣ Bond Proceeds	454
▣▣▣▣ Other Miscellaneous Revenue	<u>1,820</u>
TOTAL FINANCING SOURCES	<u>\$16,956</u>

WASHINGTON'S FINANCES AT A GLANCE

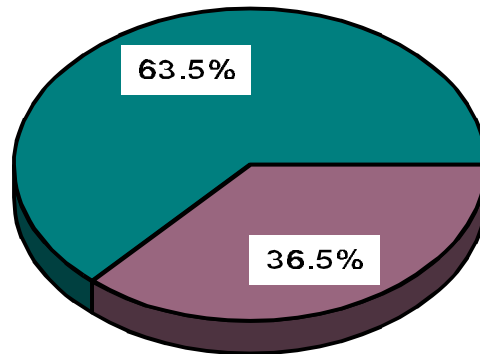
Where The Money Goes

FY 1996	(Millions)
▣▣▣▣➤ K through 12 Basic Education	\$4,344
▣▣▣▣➤ Public Assistance	4,221
▣▣▣▣➤ State Employee Wages and Benefits	3,588
▣▣▣▣➤ Grants	1,608
▣▣▣▣➤ Purchased Goods and Services	1,197
▣▣▣▣➤ Roads, Equipment, Buildings, Etc.	1,043
▣▣▣▣➤ Principal and Interest Payments	604
▣▣▣▣➤ Contracts with Private Parties	86
▣▣▣▣➤ Travel	<u>80</u>
TOTAL EXPENDITURES	<u>\$16,771</u>

AUDIT FINDINGS

Fiscal Year 1996

Agencies With No Findings

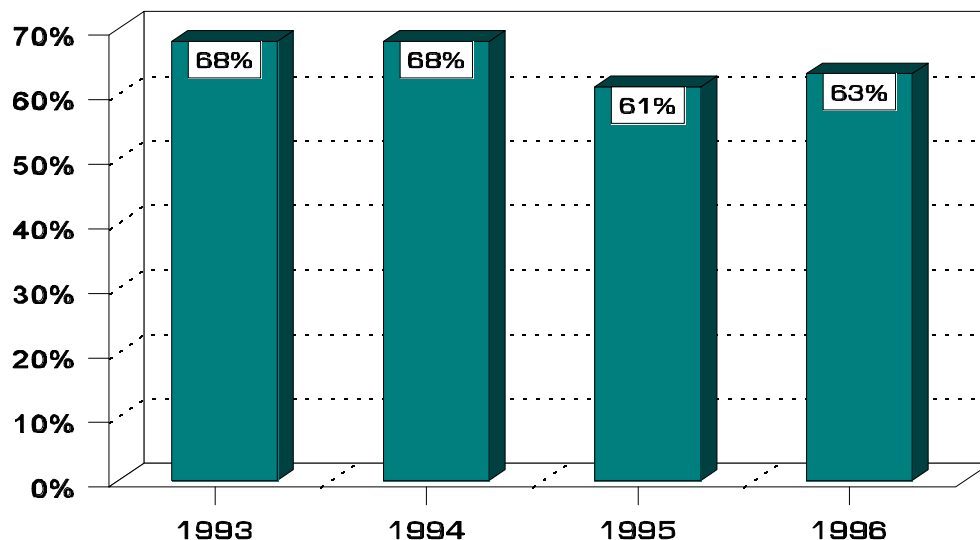


Agencies With Findings



Agencies Without Findings – A 4-Year Review

Percentage of Total Agencies Audited



GOOD RECORDS OF FINANCIAL STEWARDSHIP

The following state agencies, boards and commissions included in the fiscal year 1996 Statewide Single Audit have had three consecutive years of audits without audit findings. The State Auditor's Office congratulates them on their clean audit histories.

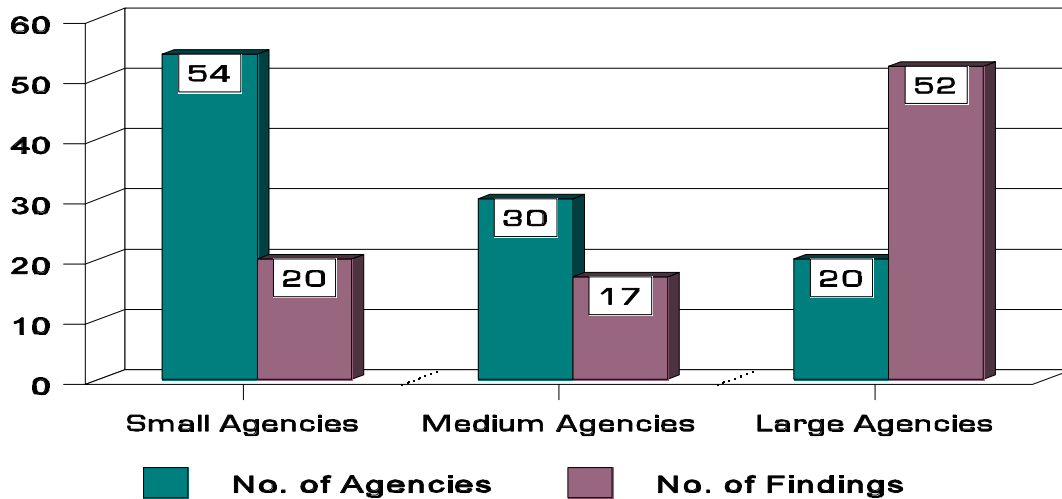
Barley Commission
Big Bend Community College
Board of Volunteer Firefighters
Central Washington University/Housing and Food Services
Columbia Basin Community College
Columbia River Gorge Commission
Dairy Productions Commission
Eastern Washington State Historical Society
Department of Ecology
Economic and Revenue Forecast Council
Department of Financial Institutions
Fruit Commission
Fryer Commission
Gambling Commission
Higher Education Coordinating Board
Indeterminate Sentence Review Board
Joint Legislative Audit and Review Committee
Legislative Transportation Committee
Liquor Control Board
Office of Attorney General

Office of State Treasurer
Parks and Recreation Commission
Peninsula College
Pollution Liability Insurance Agency
Puget Sound Water Quality Authority
Department of Revenue
Department of Services for the Blind
South Puget Sound Community College
State Investment Board
State Board Community and Technical Colleges
Statute Law Committee
Strawberry Commission
Supreme Court
Tax Appeals Board
United States Presidential Electors
Utilities and Transportation Commission
Washington State Energy Office
Washington State Arts Commission
Whatcom Community College
Wheat Commission

AUDIT FINDINGS

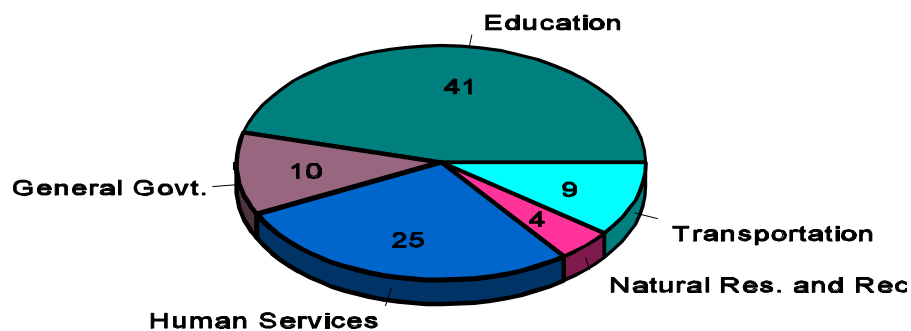
Findings By Size Of Agency

See Appendix A for complete listing.



Findings By Functional Area

See Appendix B for complete listing.



Total Findings 89

SUMMARY OF FINDINGS BY CATEGORY

The following breakdown lists the number of findings reported in the Statewide Single Audit by category.

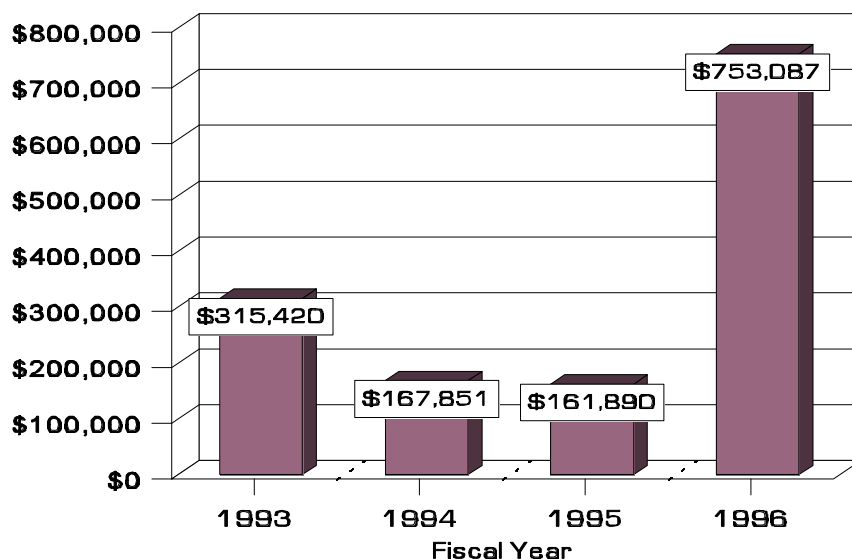
Category	Number of Findings 1995	Number of Findings 1996
Questioned Costs	14	7
Other federal findings	12	8
Cash Receipts	24	9
Cash Disbursements	9	4
Billings/Receivables	6	4
Accounts Payable	1	1
Purchasing/Receiving	7	9
Personnel and Payroll	11	5
Inventory	5	5
Property, Plant and Equipment	10	14
General Ledger	3	1
Miscellaneous State Findings	20	22
TOTAL FINDINGS	122	89

SUMMARY OF REPORTED FRAUDS

<u>Agency</u>	<u>Loss</u>
Department of Employment Security	\$ 2,901
Everett Community College	1,247
Bates Technical College	26,093
Olympic College	3,630
Department of Natural Resources	182,170
Western Washington University	718
Clover Park Technical College	483,344
Department of Transportation	52,984
Olympic College	<u>0</u>
Total	<u>\$753,087</u>

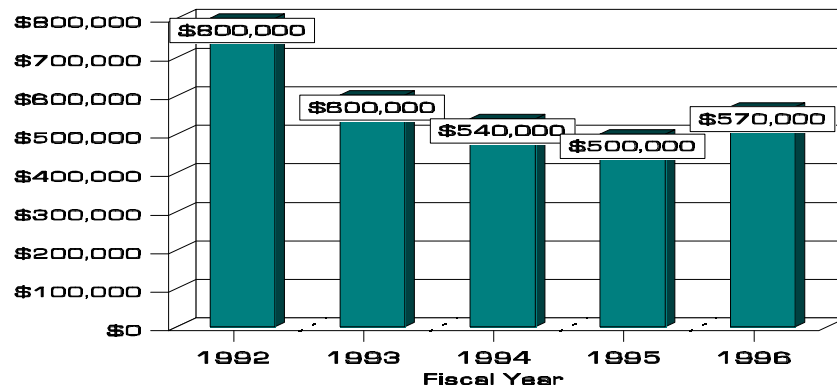
Large fraud cases, which occur and go undetected over multiple years, are responsible for the large jump in dollar loss between the last two years. Large cases account for the majority of losses to taxpayers and distort the statistics. For example, just 3 of the above instances represent more than 95 percent of all public funds lost due to fraud in state government for fiscal year 1996. Discounting those three cases over \$50,000, the average misappropriation last fiscal year was for \$5,765. The importance of detecting fraud early to keep losses at a minimum is highlighted by these statistics. Accordingly, fraud detection continues to be of concern for both auditors and government managers, and is a primary focus during all fraud training we conduct.

Losses Due To Fraud – A 4-Year Review

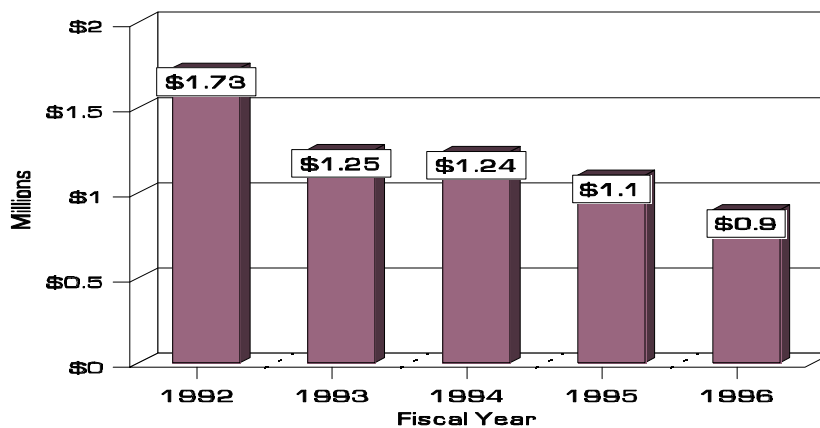


COST OF AUDIT EFFORTS

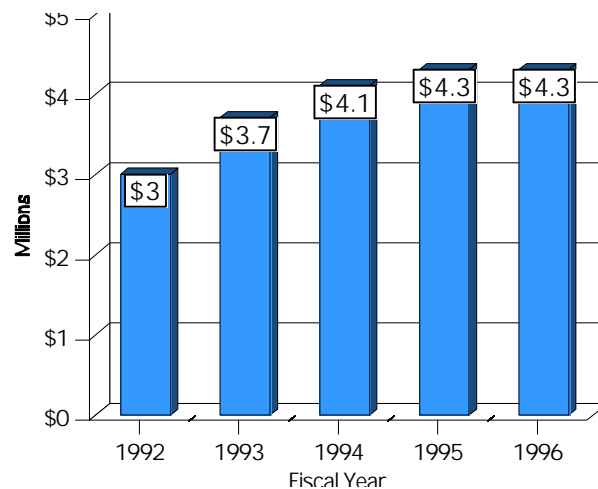
Comprehensive Annual Financial Report



Statewide Single Audit



Legal Compliance



RECOMMENDATIONS

Based on our 1996 review of the state agencies, boards and commissions which are included in the Statewide Single Audit the State Auditor's Office again recommends:

Internal Controls

State agencies should:

- ▣▣▣▣➤ Develop and maintain a system of internal controls and internal audits to be adopted by each agency.
- ▣▣▣▣➤ Conduct meaningful on-going monitoring of internal control effectiveness as required by OFM.

Training

State agencies should commit to strengthening their investments in staff training in the following three areas:

- ▣▣▣▣➤ State and federal administrative policies
- ▣▣▣▣➤ Financial policies
- ▣▣▣▣➤ Internal controls

REVIEW OF STATE OPERATIONS BY FUNCTION

EDUCATION



Overview

Number of Agencies: 42

Number of Agencies
with Findings: 20

Number of Agencies
without Findings: 22

Number of Total Findings: 41

FY 1996 Expenditures:
\$7 billion

H i g h l i g h t s

While K-12 public education is carried out at the local government level, state government also has a large role to play in education. Through the Office of the Superintendent of Public Instruction and the state-operated public colleges and universities in Washington, hundreds of thousands of students each year receive the benefits of public education.

Funds channeled through from the federal level, as well as those allocated by the Legislature are subject to audit by the State Auditor's Office. Annually, we review the financial activity of each of the state's four-year universities and community and technical colleges. In all, \$7 billion dollars of the state's budget was spent on education in the previous fiscal year.

Higher education institutions received 38 audit findings in 1996. This is down from the previous year's total of 49.

Audit findings relate to several areas. These include the absence of internal controls, frauds and non-compliance with federal and state laws relating to financial matters.

The majority of the audit findings received by higher education institutions indicated weaknesses over internal controls in a variety of areas. Cash receipting proved to be one of these problem areas for several schools, both four-year and two-year institutions.

During our reviews of cash receipting we look for the presence of several types of controls to ensure the protection of public funds. For example: by law, cash receipts are to be deposited intact within 24 hours of receipt unless a waiver is granted by the Office of Financial Management. Money left undeposited for an extended period of time without proper deposit creates a high risk for misuse or misappropriation. We found receipts were not always being promptly deposited at certain locations at Washington State University, Eastern Washington University and Seattle Community Colleges, as well as other schools.

Other findings noted weaknesses over internal controls related to such things as: fixed assets (Clover Park Technical College and Eastern Washington University); bookstore inventory (Bellevue Community College and Wenatchee Valley College); and, ensuring proper credit card use and reimbursement (Green River Community College).

Out of nine frauds reported at state agencies last year, six were at colleges or universities. One of the largest frauds in state history was reported at Clover Park Technical College where at least \$483,344 was misappropriated by an instructor for a food processing machinery repair and maintenance program. The instructor stole equipment, diverted funds to his personal bank account and falsified records to cover his activities.

Other schools which experienced employee fraud during fiscal year 1996 were Western Washington University, Everett Community College, Bates Technical College, and Olympic College. An important part of the audit process is to provide guidance and training to state employees regarding how they can reduce the risk of fraud occurring. ♦

GENERAL GOVERNMENT



Overview

Number of Agencies:	31
Number of Agencies with Findings:	7
Number of Agencies without Findings:	24
Number of Total Findings:	10
FY 1996 Expenditures:	\$1.6 billion

H i g h l i g h t s

The state agencies within the General Government functional area include those with a high degree of public recognition such as the Lottery Commission. In contrast, some General Government agencies conduct their operations largely unnoticed like the Washington State Criminal Justice Training Commission. Each of the 31 agencies, boards and commissions in this group plays a critical role in the operation of state government.

For fiscal year 1996, there were nine audit findings divided among seven agency reports within General Government.

Several agencies implemented our recommendations from last fiscal year and resolved previous problems, as well as received clean audits for 1996. Those agencies that received audit findings in their previous audits but were clean this year include: the Department of Information Services, the

Office of Insurance Commissioner, the Department of Personnel and the Department of Retirement Systems, which went from three findings in 1995 to none this year.

General Government agencies did have some problems which we noted in their annual audits. A fraud was committed at the Department of General Administration by an agency cashier who misappropriated \$2,705 in public funds and falsified records to conceal the loss. Analysis of revenue received by the cashier versus funds actually deposited revealed 33 instances of cash shortages. We recommended improvements in internal controls relating to the reconciliation of cash receipts. The Department agreed with our finding and has taken appropriate corrective action.

Controls over fixed assets proved to be an area of concern in two General Government agency reports. We recommended the Washington State Criminal Justice Training Commission implement procedures to ensure compliance with regulations for inventoriable fixed assets, perform physical inventory in accordance with regulations and update its in-house inventory system to contain required information.

At the Health Care Authority we recommended the agency emphasize the importance of the division of duties between the purchasing and receiving of assets, adequate tagging and tracking of assets and the taking of a physical inventory in accordance with regulations. The agency concurred with the finding.

Other findings noted in General Government agencies were problems with travel regulations, public record retention, computer acquisitions, employee awards program and cash disbursements.

Because they are high risk areas, we recommend General Government agencies pay particular attention to policies and procedures relating to cash receipts and fixed assets. Control over these areas is key to preventing misuse and unauthorized use of state assets. ♦

HUMAN SERVICES



Overview

Number of Agencies:	12
Number of Agencies with Findings:	7
Number of Agencies without Findings:	5
Number of Total Findings:	25
FY 1996 Expenditures:	\$6.2 billion

H i g h l i g h t s

The employees of the state's Human Services agencies deal with some of the most pressing and complicated problems facing society. Their efforts can keep a child out of a dangerous home, resolve cases of discrimination and help the veterans of Washington gain access to quality health care.

It takes more than \$6 billion dollars a year to provide these basic human services through agencies like the Department of Veterans' Affairs, the Department of Corrections, the Health Care Authority and, the largest agency in the state, the Department of Social and Health Services.

These state agencies often have complex financial systems and the additional factors of receiving large amounts of federal funds to execute their missions.

The 12 Human Services agencies audited in 1996 collectively received 25 findings, down 7 from the last year. As has been the case in years past, audit findings were generally concentrated in the largest departments.

The Department of Social and Health Services (DSHS) employs the most state employees of any agency and spent approximately \$5 billion in fiscal year 1996. Much of this money came in the form of federal grants. These grants present additional accounting and compliance conditions to adhere to in order to qualify for the funds.

Weaknesses over internal controls in a number of areas again dominated the majority of the agency's 13 audit findings reported in the 1996 audit. We recommended DSHS needed improvements relating to: separation of duties for cash receipts; accounting for fixed assets and consumable inventories; recovering overpayments; and, monitoring of contracts. The department has already taken steps to correct many of these deficiencies and its progress and improvement will be reviewed during the 1997 annual audit.

Another large agency, the Department of Labor and Industries again reduced its number of audit findings from the previous year, receiving just three in 1996. In those areas where we did note problems, we again recommended improvement in the Department's system for the cash receipts process in services areas. We found inadequate policies and procedures to control cash receipting at the various customer service locations within the agency. This was a repeat finding of similar conditions in 1995. The Department concurred with our finding and is developing a new system which should eliminate weaknesses identified in the audit report.

Overall, the agencies within Human Services should continue to make strides on improving repeat conditions and generally work to further strengthen their systems of internal controls. ♦



NATURAL RESOURCES

Overview

Number of Agencies:	16
Number of Agencies with Findings:	2
Number of Agencies without Findings:	14
Number of Total Findings:	4
FY 1996 Expenditures:	\$.5 billion

H i g h l i g h t s

There are 16 agencies in Washington which make up the grouping Natural Resources. These agencies and commissions provide critical services to the public relating to the protection and management of Washington's extensive wealth of natural resources.

Our regular financial and legal compliance reviews of these agencies revealed that in general, they complied with applicable laws and regulations relating to financial matters and were adequately protecting public resources.

However, our annual audit did reflect one finding at the Department of Natural Resources (DNR), down from two findings last year. Our finding revealed weaknesses in the agency's recording and reconciling of

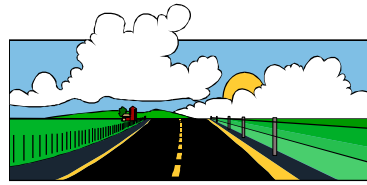
long term receivables. Long term receivables are those not due within 12 months of the fiscal year end. Discrepancies included \$91,110,415 in receivables still being reported on closed timber contracts and inappropriate receivables recorded in the amount of \$361,704,365. These receivable discrepancies limit agency management's ability to determine whether the amounts owed the state are proper and collectible. DNR concurred with our finding and is working to bring its accounting and reporting into compliance.

Additionally, we issued a special audit in fiscal year 1996 reporting a misappropriation of at least \$182,169 by a DNR employee. In July 1993, a DNR environmental engineer incorporated his own environmental testing company and began awarding jobs and authorizing payments to this company for testing work that was allegedly performed. An internal DNR investigation disclosed that none of the tests were performed. The employee resigned and DNR subsequently implemented measures to strengthen controls over contract monitoring.

As we planned in last year's Report on the Statewide Single Audit, in 1996 the State Auditor's Office focused on license sales by private vendors at the Department of Fish and Wildlife. The review of this area resulted in an audit finding. The activities of dealers selling fishing and hunting licenses were not being adequately monitored to ensure all receivables due the department were being remitted in a timely manner. The agency is presently engaged in reviewing dealer activities and identified over \$350,000 due the agency as of June 30, 1996. A second finding at the Department related to fixed asset deficiencies.

Several other agencies within the Natural Resources grouping received clean audits. These include the Department of Ecology, The Strawberry Commission, the Department of Agriculture and the Office of Marine Safety, among others. ♦

TRANSPORTATION



Overview

Number of Agencies:	3
Number of Agencies with Findings:	2
Number of Agencies without Findings:	1
Number of Total Findings:	9
FY 1996 Expenditures:	\$1.6 billion

H i g h l i g h t s

Transportation issues dominate all parts of Washington. This critical functional area of state government is responsible for tackling such important issues as how to manage, maintain and improve the state's transportation corridors as population numbers rise. Related agencies in this functional area license drivers and provide law enforcement on highways throughout the state.

The transportation related agencies use approximately 10 percent of the state's annual budget and spent about \$1.5 billion during the fiscal year ending June 30, 1996.

The Department of Transportation itself dominates this grouping of state services. It operates on a \$2.9 billion biennial budget and oversees highway and bridge improvements and maintenance, new highway construction, the state ferry system, public

transportation programs, rail division and the state aviation administration.

The 1996 audit results indicate overall progress within this complex agency. At the same time it revealed some areas of repeat problems. Total findings relating to general operations decreased from eleven in 1995 to eight in 1996 with the Department resolving five of the previous year's findings. This trend has continued over the last three audits and indicates the overall positive, proactive approach on the part of most of the agency.

However, progress within DOT's Washington State Ferries Division (WSF) has been slower. While three of the eight WSF findings from 1995 were resolved, all five of the 1996 audit findings were repeats. Part of the reason for this is that some of the exceptions are complex and require long term resolution. A condition first noted in 1986 regarding cash controls over collections at ferry terminals has still not been resolved. Six other conditions in this same finding relating to revenue were first cited in 1994 and three other WSF findings were first published in 1994. One of the repeat findings cited a situation in which a temporary employment firm received \$924,594 in payments without benefit of a contract. This same firm received \$832,950 of payments in FY95.

The Department of Transportation also experienced a fraud in the Northwest Region. Two employees sold used aluminum highway signs belonging to the Department to a scrap dealer for approximately \$52,000. The parties have been convicted and ordered by the court to make full restitution.

The state Department of Licensing received one finding in its 1996 audit. The agency was deficient in the control of fixed assets and failed to complete a timely physical inventory of these assets. In the other areas we examined, the agency appeared to account for its funds properly and followed required laws and regulations.

A clean audit was received by the Washington State Patrol, after having one audit finding in its audit report from 1995. ♦

APPENDIX A

AUDIT REPORTS FOR STATE AGENCIES RELEASED DURING FISCAL YEAR 1996 ARRANGED BY SIZE

Audit Report No.	Agency	Number of Findings	Number of Repeat Findings	Agency Count
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LARGE AGENCIES				
5771	Community, Trade and Economic Development	1	1	1
5739	Corrections, Department of	1	None	2
5709	Corrections, Department of	1	None	
5707	Employment Security Department	1	None	3
5797	Employment Security Department	2	2	
5810	Fish and Wildlife, Department of	None	None	4
5786	Fish and Wildlife, Department of	2	None	
5789	General Administration, Department of	4	None	5
5748	Health Care Authority, Washington State	1	None	6
5804	Health, Department of	None	None	7
5808	Information Services, Department of	None	None	8
5774	Labor and Industries, Department of	3	1	9
5767	Liquor Control Board	None	None	10
5718	Lottery Commission, State	1	None	11
5717	Natural Resources, Department of	1	None	12
5787	Natural Resources, Department of	1	None	
5754	Public Instruction, Superintendent of	3	1	13
5753	Retirement Systems, Department of	None	None	14
5803	Social and Health Services, Department of	13	5	15
5766	State Patrol, Washington	None	None	16
5796	Transportation, Department of	8	6	17
5779	University of Washington	3	1	18
5784	Washington State University	4	2	19
5735	Western Washington University	1	None	20
5701	Western Washington University	1	None	
	Totals	52	19	20

MEDIUM AGENCIES				
5752	Agriculture, Department of	None	None	1
5782	Attorney General, Office of	None	None	2
5734	Bellevue Community College	1	None	3
5719	Bellingham Technical College	None	None	4
5777	Central Washington University	None	None	5
5778	Central Washington Univ./Assoc. Students Fund	None	None	
5776	Central Washington Univ./Housing and Food Services	None	None	

APPENDIX A

AUDIT REPORTS FOR STATE AGENCIES RELEASED DURING FISCAL YEAR 1996 ARRANGED BY SIZE

Audit Report No.	Agency	Number of Findings	Number of Repeat Findings	Agency Count
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MEDIUM AGENCIES				
5790	Clark College	None	None	6
5783	Community Colleges of Spokane	None	None	7
5800	Eastern Washington University	3	None	8
5732	Ecology, Department of	None	None	9
5757	Everett Community College	2	None	10
5730	Evergreen State College, The	None	None	11
5751	Financial Management, Office of	None	None	12
5747	Green River Community College	1	None	13
5712	Higher Education Coordinating Board	None	None	14
5755	Highline Community College	2	None	15
5727	Lake Washington Technical College	None	None	16
5760	Licensing, Department of	1	None	17
5791	Military Department	1	None	18
5728	Parks and Recreation Commission	None	None	19
5716	Personnel, Department of	None	None	20
5780	Renton Technical College	None	None	21
5762	Revenue, Department of	None	None	22
5792	Seattle Community Colleges	3	None	23
5770	Skagit Valley College	2	None	24
5740	State Investment Board	None	None	25
5801	Tacoma Community College	None	None	26
5773	Utilities and Transportation Commission	None	None	27
5698	Veterans' Affairs, Department of	None	None	28
5781	Veterans' Affairs, Department of	None	None	
5745	Workforce Training and Education Coord. Board	1	None	29
5775	Yakima Valley Community College	None	None	30
	Totals	17	0	30

SMALL AGENCIES				
5737	Arts Commission, Washington State	None	None	1
5794	Barley Commission	None	None	2
5704	Bates Technical College	1	None	
5725	Bates Technical College	None	None	3
5765	Big Bend Community College	None	None	4
5715	Blind, Department of Services for the	None	None	5

APPENDIX A

AUDIT REPORTS FOR STATE AGENCIES RELEASED DURING FISCAL YEAR 1996 ARRANGED BY SIZE

Audit Report No.	Agency	Number of Findings	Number of Repeat Findings	Agency Count
SMALL AGENCIES				
5708	Centralia College	1	None	6
5798	Clover Park Technical College	2	None	7
5699	Clover Park Technical College	1	None	
5769	Columbia Basin Community College	None	None	8
5756	Columbia River Gorge Commission	None	None	9
5758	Columbia River Gorge Commission	None	None	
5761	Community and Technical Colleges, State Board	None	None	10
5724	Compact for Education	None	None	11
5785	Criminal Justice Training Commission	1	None	12
5700	Dairy Productions Commission	None	None	13
5697	Eastern Washington State Historical Society	None	None	14
5696	Eastern Washington State Historical Society	None	None	
5772	Economic and Revenue Forecast Council	None	None	15
5759	Edmonds Community College	1	None	16
5714	Energy Office, Washington State	None	None	17
5802	Family Policy Council, DSHS	2	None	18
5750	Financial Institutions, Department of	None	None	19
5702	Fruit Commission	None	None	20
5806	Fryer Commission	None	None	21
5711	Gambling Commission	None	None	22
5744	Governor, Office of the	1	None	23
5749	Grays Harbor College	1	1	24
5706	Historical Society, Washington State	1	1	25
5746	Housing Finance Commission, Washington State	1	None	26
5807	Human Rights Commission	None	None	27
5738	Indeterminate Sentence Review Board	None	None	28
5722	Insurance Commissioner, Office of	None	None	29
5705	Joint Legislative Audit and Review Committee	None	None	30
5764	Legislative Transportation Committee	None	None	31
5733	Lower Columbia College	None	None	32
5788	Minority and Women's Business Enterprise	1	None	33
5799	Olympic College	4	None	34
5736	Outdoor Recreation, Interagency Committee for	None	None	35
5763	Peninsula College	None	None	36
5726	Pollution Liability Insurance Agency	None	None	37

APPENDIX A

AUDIT REPORTS FOR STATE AGENCIES RELEASED DURING FISCAL YEAR 1996 ARRANGED BY SIZE

Audit Report No.	Agency	Number of Findings	Number of Repeat Findings	Agency Count
SMALL AGENCIES				
5723	Presidential Electors, United States	None	None	38
5731	Puget Sound Water Quality Authority	None	None	39
5729	Secretary of State, Office of	None	None	40
5720	South Puget Sound Community College	None	None	41
5710	Statute Law Committee	None	None	42
5703	Strawberry Commission	None	None	43
5721	St. School for the Blind/School for the Deaf	None	None	44
5805	Supreme Court	None	None	45
5809	Supreme Court Reports, Commission on	None	None	46
5741	Tax Appeals Board	None	None	47
5742	Treasurer, Office of State	None	None	48
5695	Uniform Legislation Commission	None	None	49
5743	Volunteer Firefighters, Board of	None	None	50
5768	Walla Walla Community College	None	None	51
5793	Wenatchee Valley College	2	None	52
5713	Whatcom Community College	None	None	53
5795	Wheat Commission	None	None	54
	Totals	20	2	54

APPENDIX B

AUDIT REPORTS FOR STATE AGENCIES RELEASED DURING FISCAL YEAR 1996 ARRANGED BY FUNCTIONAL AREA

Audit Report No.	Agency	Number of Findings	Number of Repeat Findings
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EDUCATION			
5737	Arts Commission, Washington State	None	None
5725	Bates Technical College	None	None
5704	Bates Technical College	1	None
5734	Bellevue Community College	1	None
5719	Bellingham Technical College	None	None
5765	Big Bend Community College	None	None
5778	Central Washington Univ./Assoc. Students Fund	None	None
5776	Central Washington Univ./Housing and Food Services	None	None
5777	Central Washington University	None	None
5708	Centralia College	1	None
5790	Clark College	None	None
5798	Clover Park Technical College	2	None
5699	Clover Park Technical College	1	None
5769	Columbia Basin Community College	None	None
5761	Community and Technical Colleges, State Board	None	None
5783	Community Colleges of Spokane	None	None
5724	Compact for Education	None	None
5697	Eastern Washington State Historical Society	None	None
5696	Eastern Washington State Historical Society	None	None
5800	Eastern Washington University	3	None
5759	Edmonds Community College	1	None
5757	Everett Community College	2	None
5730	Evergreen State College, The	None	None
5749	Grays Harbor College	1	1
5747	Green River Community College	1	None
5712	Higher Education Coordinating Board	None	None
5755	Highline Community College	2	None
5706	Historical Society, Washington State	1	1
5727	Lake Washington Technical College	None	None
5733	Lower Columbia College	None	None
5799	Olympic College	4	None
5763	Peninsula College	None	None
5754	Public Instruction, Superintendent of	3	1
5780	Renton Technical College	None	None
5792	Seattle Community Colleges	3	None

APPENDIX B

AUDIT REPORTS FOR STATE AGENCIES RELEASED DURING FISCAL YEAR 1996 ARRANGED BY FUNCTIONAL AREA

Audit Report No.	Agency	Number of Findings	Number of Repeat Findings
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EDUCATION			
5770	Skagit Valley College	2	None
5720	South Puget Sound Community College	None	None
5721	St. School for the Blind/School for the Deaf	None	None
5801	Tacoma Community College	None	None
5779	University of Washington	3	1
5768	Walla Walla Community College	None	None
5784	Washington State University	4	2
5793	Wenatchee Valley College	2	None
5735	Western Washington University	1	None
5701	Western Washington University	1	None
5713	Whatcom Community College	None	None
5745	Workforce Training and Education Coord. Board	1	None
5775	Yakima Valley Community College	None	None
Totals		41	6

GENERAL GOVERNMENT			
5782	Attorney General, Office of	None	None
5771	Community, Trade and Economic Development	1	1
5772	Economic and Revenue Forecast Council	None	None
5750	Financial Institutions, Department of	None	None
5751	Financial Management, Office of	None	None
5711	Gambling Commission	None	None
5789	General Administration, Department of	4	None
5744	Governor, Office of the	1	None
5746	Housing Finance Commission, Washington State	1	None
5808	Information Services, Department of	None	None
5722	Insurance Commissioner, Office of	None	None
5705	Joint Legislative Audit and Review Committee	None	None
5764	Legislative Transportation Committee	None	None
5767	Liquor Control Board	None	None
5718	Lottery Commission, State	1	None
5791	Military Department	1	None
5788	Minority and Women's Business Enterprise	1	None
5716	Personnel, Department of	None	None
5723	Presidential Electors, United States	None	None

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AUDIT REPORTS FOR STATE AGENCIES RELEASED DURING FISCAL YEAR 1996 ARRANGED BY FUNCTIONAL AREA

Audit Report No.	Agency	Number of Findings	Number of Repeat Findings
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GENERAL GOVERNMENT

5753	Retirement Systems, Department of	None	None
5762	Revenue, Department of	None	None
5729	Secretary of State, Office of	None	None
5740	State Investment Board	None	None
5710	Statute Law Committee	None	None
5805	Supreme Court	None	None
5809	Supreme Court Reports, Commission on	None	None
5741	Tax Appeals Board	None	None
5742	Treasurer, Office of State	None	None
5695	Uniform Legislation Commission	None	None
5773	Utilities and Transportation Commission	None	None
5743	Volunteer Firefighters, Board of	None	None
Totals		10	1

HUMAN SERVICES

5715	Blind, Department of Services for the	None	None
5709	Corrections, Department of	1	None
5739	Corrections, Department of	1	None
5785	Criminal Justice Training Commission	1	None
5797	Employment Security Department	2	2
5707	Employment Security Department	1	None
5802	Family Policy Council, DSHS	2	None
5748	Health Care Authority, Washington State	1	None
5804	Health, Department of	None	None
5807	Human Rights Commission	None	None
5738	Indeterminate Sentence Review Board	None	None
5774	Labor and Industries, Department of	3	1
5803	Social and Health Services, Department of	13	5
5698	Veterans' Affairs, Department of	None	None
5781	Veterans' Affairs, Department of	None	None
Totals		25	8

APPENDIX B

AUDIT REPORTS FOR STATE AGENCIES RELEASED DURING FISCAL YEAR 1996 ARRANGED BY FUNCTIONAL AREA

Audit Report No.	Agency	Number of Findings	Number of Repeat Findings
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NATURAL RESOURCES AND RECREATION			
5752	Agriculture, Department of	None	None
5794	Barley Commission	None	None
5758	Columbia River Gorge Commission	None	None
5756	Columbia River Gorge Commission	None	None
5700	Dairy Productions Commission	None	None
5732	Ecology, Department of	None	None
5714	Energy Office, Washington State	None	None
5810	Fish and Wildlife, Department of	None	None
5786	Fish and Wildlife, Department of	2	None
5702	Fruit Commission	None	None
5806	Fryer Commission	None	None
5717	Natural Resources, Department of	1	None
5787	Natural Resources, Department of	1	None
5736	Outdoor Recreation, Interagency Committee for	None	None
5728	Parks and Recreation Commission	None	None
5726	Pollution Liability Insurance Agency	None	None
5731	Puget Sound Water Quality Authority	None	None
5703	Strawberry Commission	None	None
5795	Wheat Commission	None	None
	Totals	4	0

TRANSPORTATION			
5760	Licensing, Department of	1	None
5766	State Patrol, Washington	None	None
5796	Transportation, Department of	8	6
	Totals	9	6

FACTS ABOUT THE STATE AUDITOR'S OFFICE



The State Auditor's Office is established by the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to be the public's advocate for government accountability. Our primary service is the performance of regular financial and legal compliance audits of all state agencies and local governments. We also perform fraud, whistleblower, and other special investigations. As an elected office, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office consists of 300 employees who are located strategically around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Audit Services

Audit Services performs audits of more than 2,400 local governments in Washington. Local governments include all cities, counties, schools, ports, and several types of special purpose districts. Results of these audits are published in individual audit reports for the various entities.

Audit Services also audits all state agencies, boards, and commissions (including public colleges and universities), and is required to annually audit the State of Washington's General Purpose Financial Statements. Results of these audits are published in the State of Washington's Comprehensive Annual Financial Report issued by the Office of Financial Management, and in the Statewide Single Audit Report issued by our office.

The Technical Services team prescribes local governments' uniform budgeting, accounting and reporting systems; plans and implements audit practice aids, training, and technical assistance; prescribes the accounting manual for public school districts jointly with the Superintendent of Public Instruction; annually publishes Local Government Comparative Statistics; and coordinates our audit efficiency and quality assurance program.

In addition to its other responsibilities, Audit Services administers the Employee Disclosure or "Whistleblower Act" and investigates citizen complaints.

Management Services

Management Services is responsible for all administrative functions in the office, including budgeting, accounting, personnel, training, information technology, text processing, and purchasing.

Directory of Key Officials

State Auditor

Chief Deputy Auditor

Deputy State Auditor - Government and Citizen Affairs

Deputy State Auditor - Policy and Communications

Deputy State Auditor - Management Services

Deputy State Auditor - Government and Citizen Outreach

Brian Sonntag, CGFM

Ken Raske

Linda Sheler, CPA/CGFM

Jerry Pugnetti

Chuck Pfeil, CPA

Mike Murphy

Web Site Address

<http://www.wa.gov/sao/>